



The PATH Act: A BLUEPRINT FOR A SUSTAINABLE HOUSING FINANCE SYSTEM

CHAIRMAN JEB HENSARLING

U.S. HOUSE COMMITTEE ON FINANCIAL SERVICES

Sustainable for Hardworking Taxpayers



**...SO THEY ARE NEVER AGAIN FORCED TO BAIL OUT
WASHINGTON'S IRRESPONSIBLE HOUSING POLICIES.**

Sustainable for American Homeowners



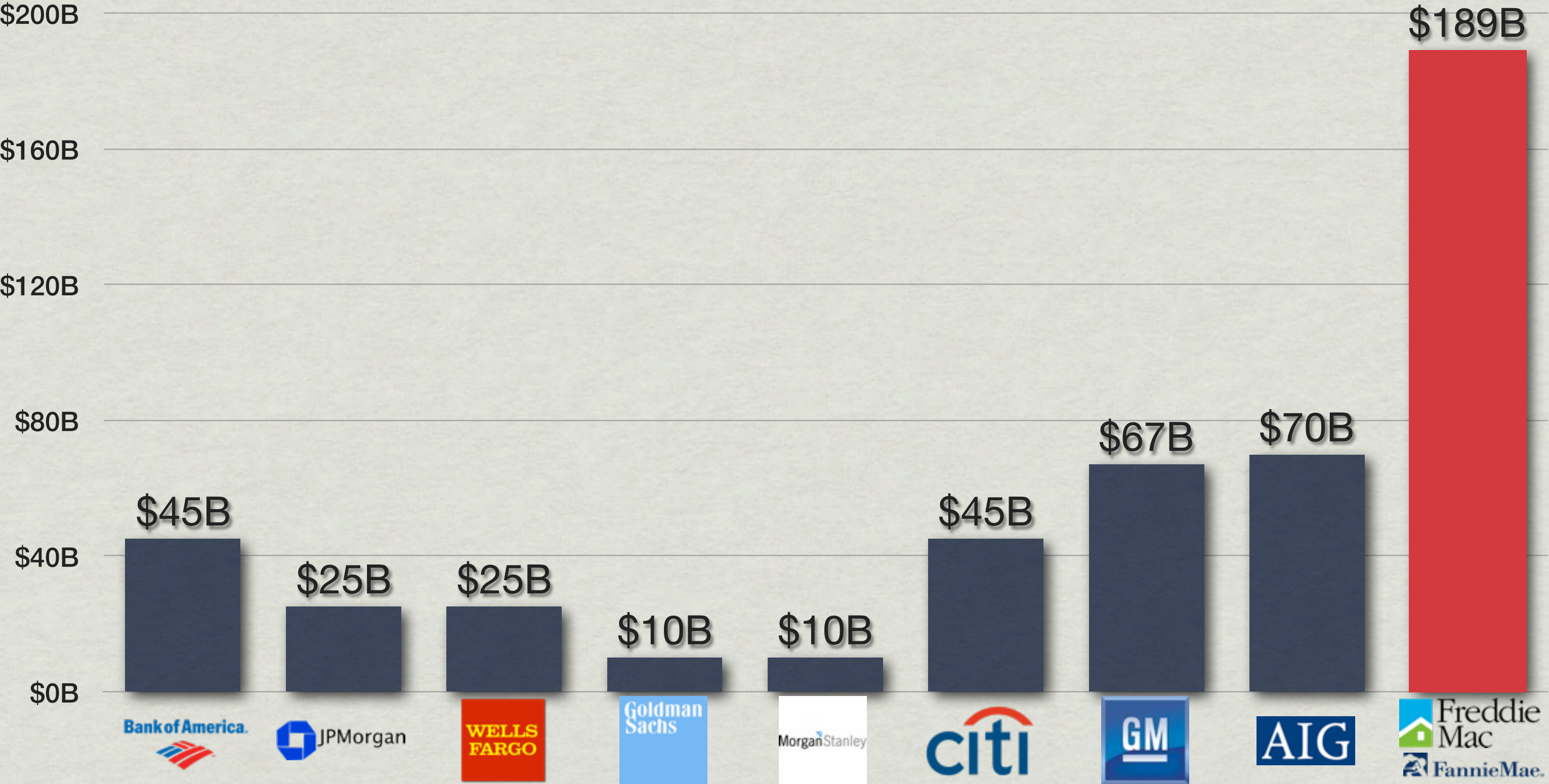
**...SO THEY HAVE THE OPPORTUNITY TO BUY
HOMES THEY CAN AFFORD TO KEEP.**

Sustainable for Our Economy



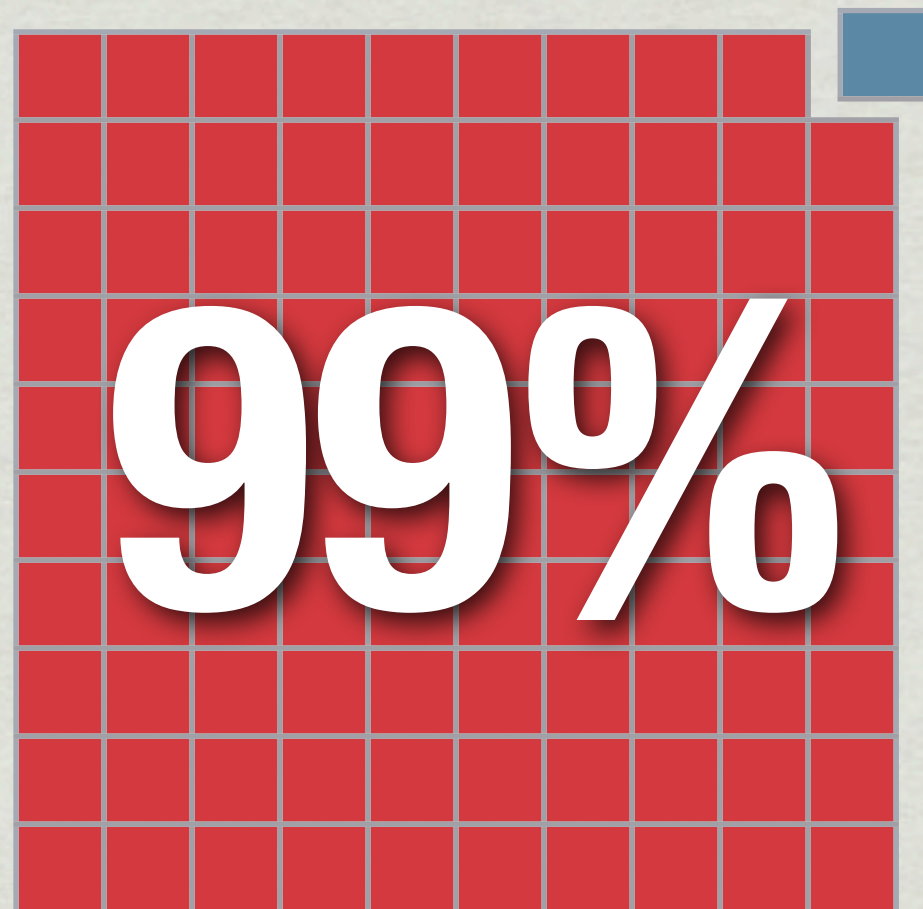
**...SO WE AVOID THE BOOM-BUST HOUSING CYCLES
THAT HURT SO MANY IN THE PAST AND PRESENT.**

Today: Biggest Bailout in U.S. History

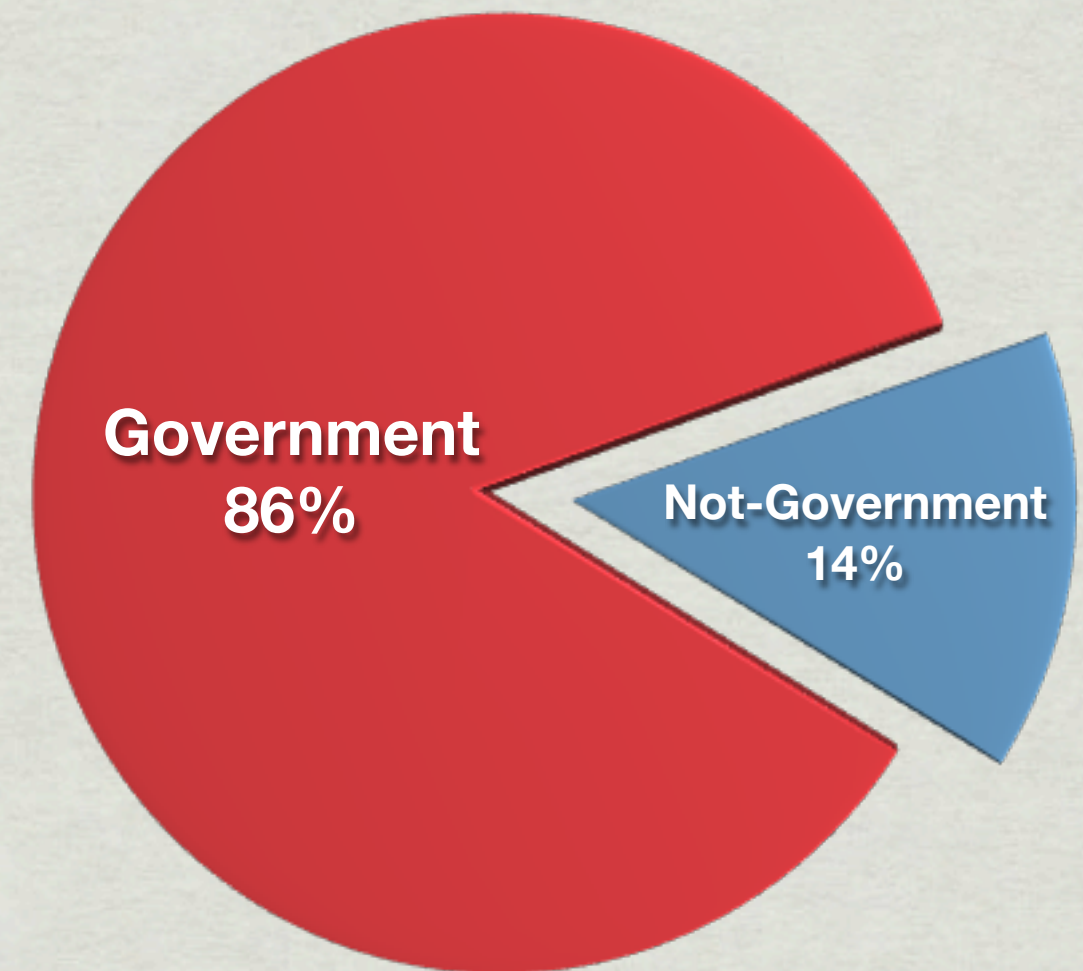


Today: Washington Controls Mortgage Finance

NEW MORTGAGE PURCHASES

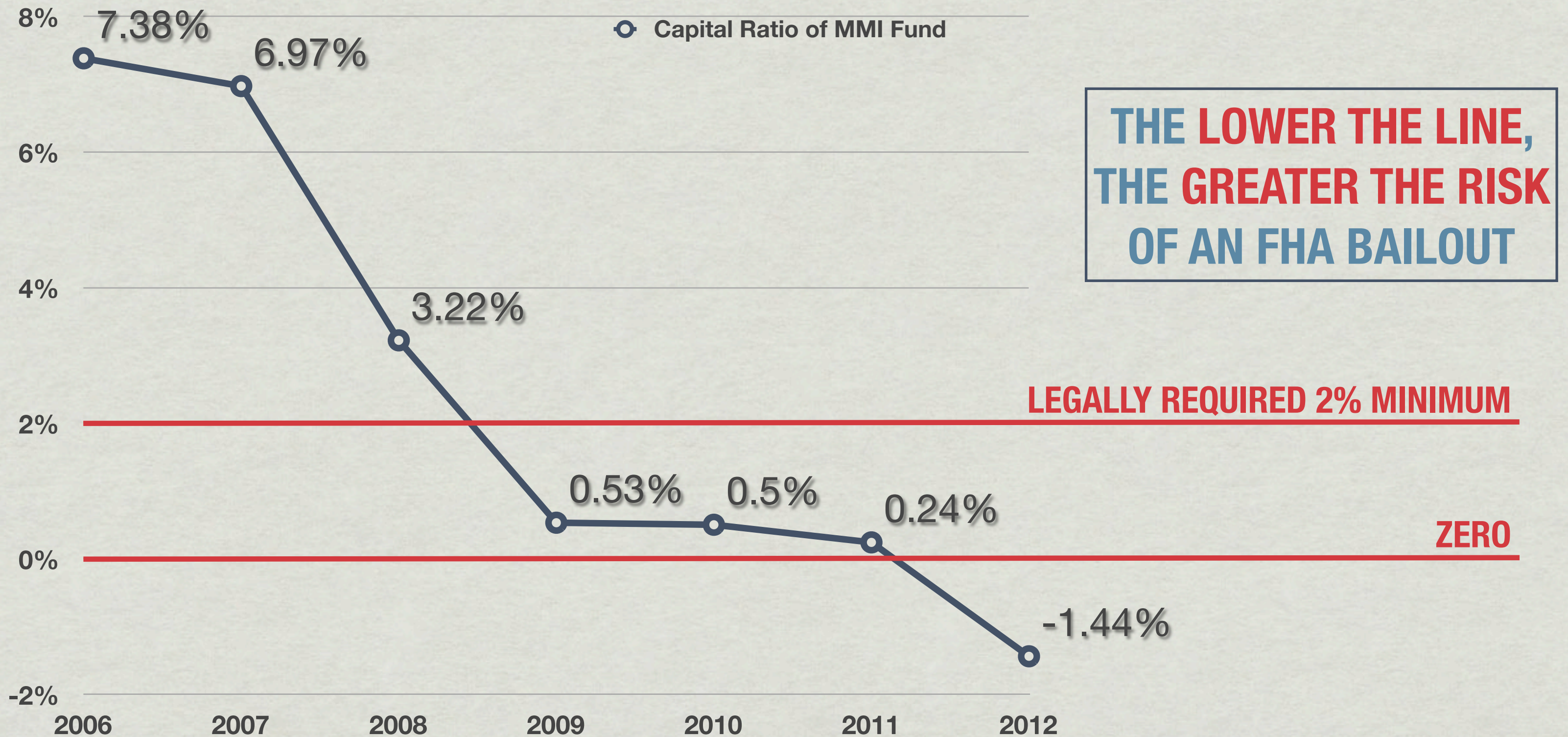


MORTGAGES ON THE BOOKS



● Government ● Not-Government

Today: FHA Going Broke



Today: FHA Mission Creep

THE WALL STREET JOURNAL.

The Latest Taxpayer Housing Bust

November 21, 2012

“The FHA is another case study in how government programs sold with the best intentions are inevitably corrupted.... but its mission expanded over the years as the housing lobby sought to channel ever more taxpayer-guaranteed money into housing.”

Today: Taxpayers Are On the Hook

\$5.1 TRILLION

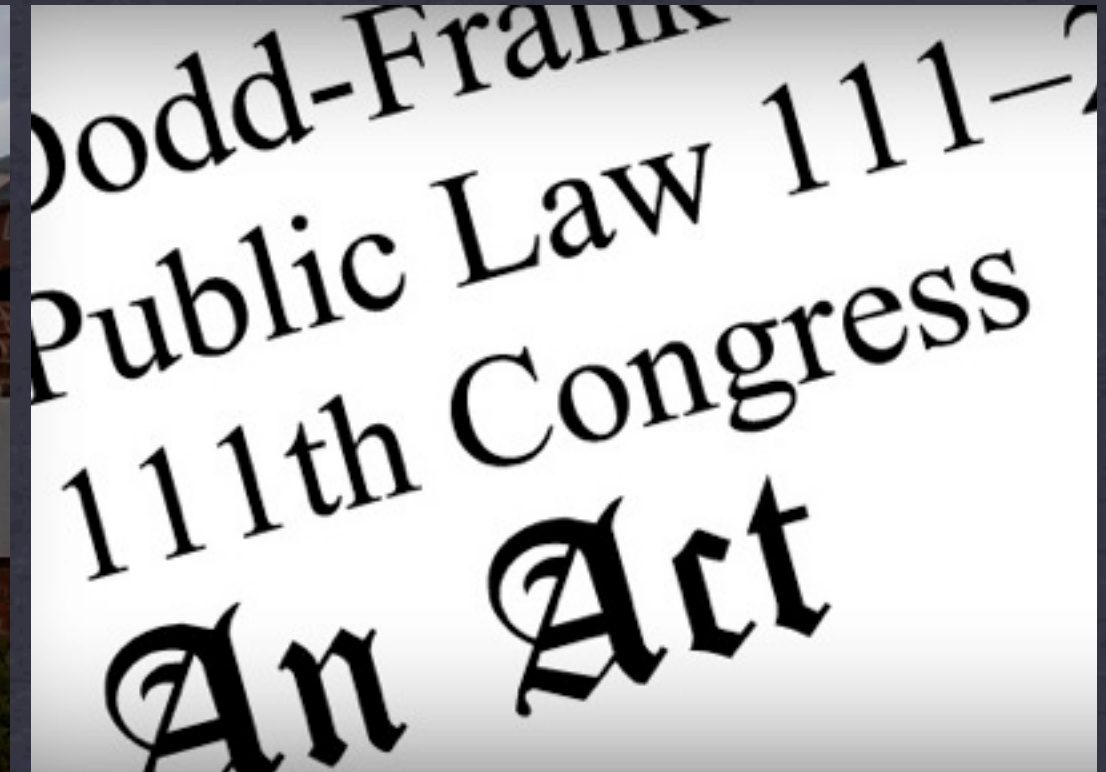


**\$1 TRILLION =
\$8,258 PER HOUSEHOLD**

**\$5.1 TRILLION =
\$42,119 PER HOUSEHOLD**

*Based off Census [data](#) showing there are 121.084 million households in US

TODAY: WASHINGTON ELITES DECIDE WHO GETS A MORTGAGE





**“Only half of today’s mortgage
originations meet [Dodd-Frank’s]
QM requirements.”**

Core Logic, February 12, 2013



“...[Dodd-Frank’s] mortgage rate impact to borrowers would be significant—on the order of an increase of 1 to 4 percentage points...”

Moody’s Analytics: A Clarification on Risk Retention (September 2011)



**“Proposed federal regulations
under the Dodd-Frank Act
financial reform legislation could
grind the housing finance
system to a halt.”**

National Association of Home Builders Website

A Sustainable Housing Finance System

- ✱ Phases out Fannie Mae & Freddie Mac within five years.
- ✱ Protect and restore FHA.
- ✱ Breaks down barriers to allow for more private investment in the mortgage market.

Sustainable System: Consumer Choice



OPEN SECURITIZATION

PRIVATE SECURITIZATION

BANK PORTFOLIO

COVERED BONDS

FHA

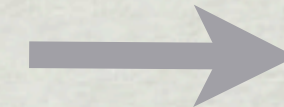
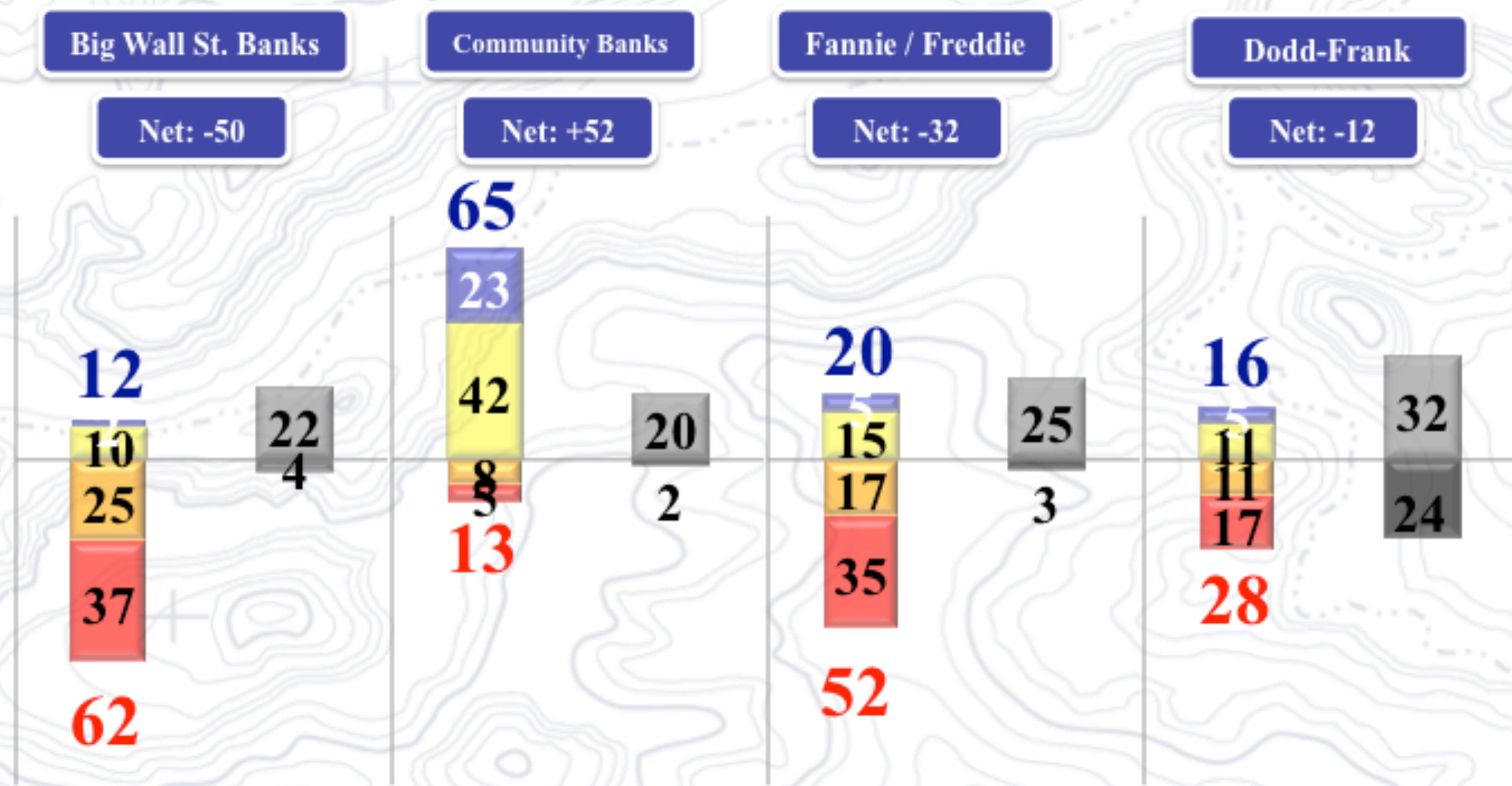


Image Tests



Support for Reform | Our Message



- Somewhat Less

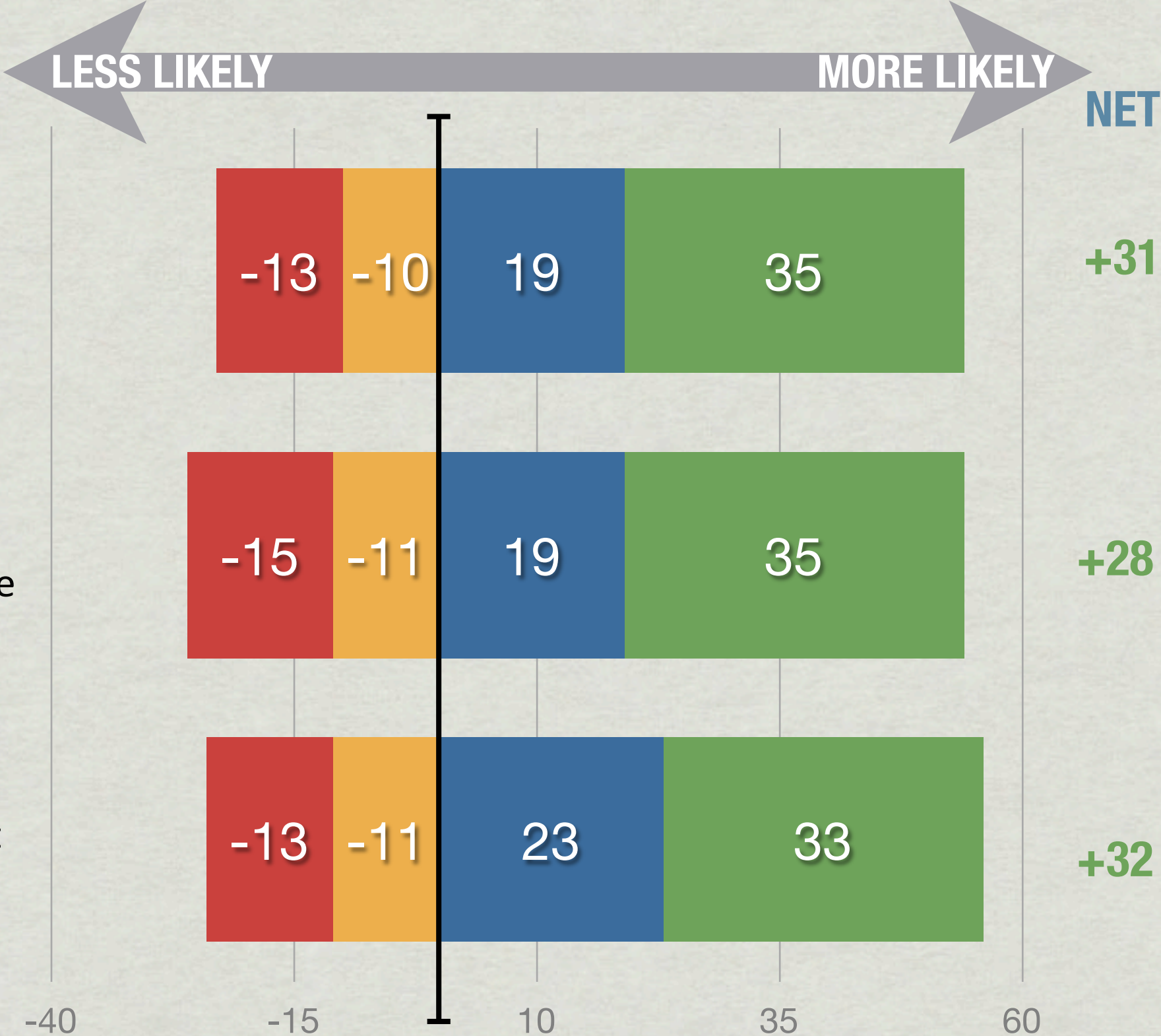
Much Less
- Somewhat More

Much More

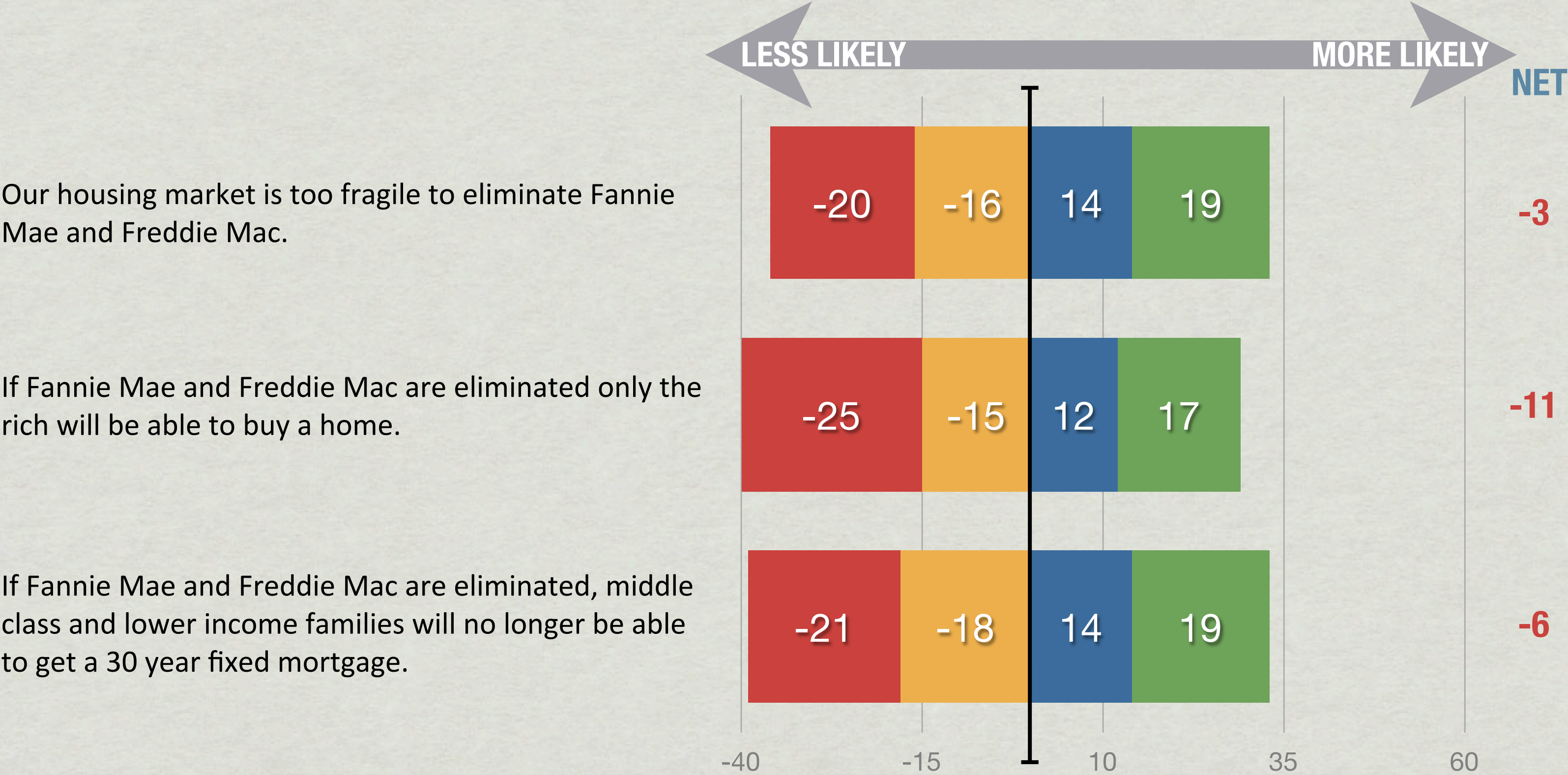
Fannie Mae and Freddie Mac were responsible for inflicting damage on our housing market and received the largest bailouts in the country. Now is the time to phase out these organizations before they do even more harm to our economy.

You do not help families achieve the American dream by putting them into homes they cannot afford, which is exactly what Fannie Mae and Freddie Mac have done for decades.

The American dream is to own a home that you can keep. Our government’s goal should be to maintain sustainable home ownership and taxpayers should not have to bailout Fannie Mae and Freddie Mac because they guaranteed home loans to people that could not afford them.



Support for Reform | Their Message



What They're Saying...

The Washington Post

House Bill Ending Fannie and Freddie Shows Promise

July 26, 2013

“Congress now has before it a fairly pure free-market alternative to the status quo, one that is likely to pass the House if and when the Republican leadership brings it to the floor.”

“Opponents of the PATH Act argue that the lack of permanent government backing will deprive the market of liquidity and consequently end the 30-year fixed-rate mortgage...One answer to that is that some 30-year fixed loans already exist without government help...”

What They're Saying...

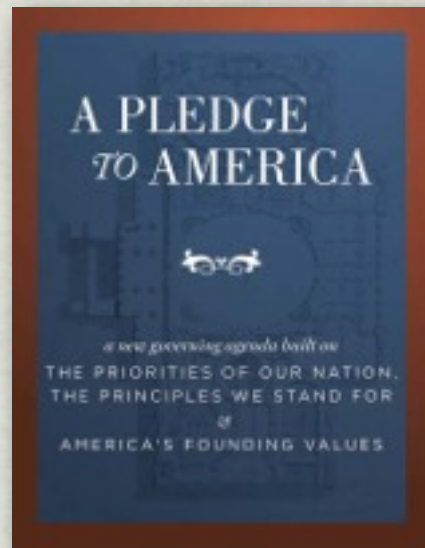
THE WALL STREET JOURNAL.

Housing Reform Breakout

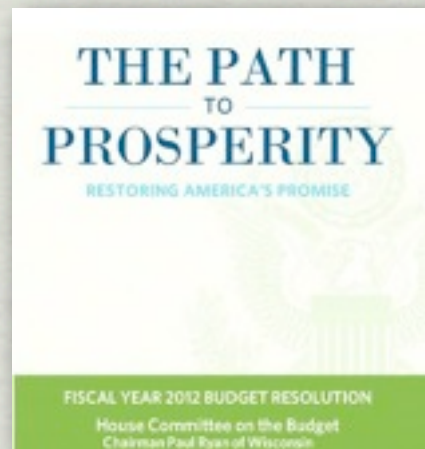
July 11, 2013

“On Thursday, House Financial Services Chairman Jeb Hensarling unveiled legislation to close down Fannie Mae and Freddie Mac, add much-needed discipline to the Federal Housing Administration, and clear away regulatory barriers to more private housing capital. Much like Paul Ryan's Medicare reforms, Mr. Hensarling is widening the Washington debate and giving Republicans a sensible reform position to rally around.”

...and a Promise Kept



"We will...prevent Washington from forcing responsible taxpayers to subsidize irresponsible behavior by ending bailouts permanently, canceling the Troubled Asset Relief Program (TARP), and reforming Fannie Mae and Freddie Mac."



"It ends the taxpayer bailouts of failed financial institutions, including Fannie Mae and Freddie Mac."



"Both Fannie Mae and Freddie Mac should be wound down in size and scope...The FHA...has crowded out the private sector and is at risk of requiring a taxpayer bailout. It must be downsized and limited to helping first-time homebuyers and low and moderate income borrowers."



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